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In the course of the first official visit of Justin Trudeau, the Prime Minister of Canada, to Ukraine the final draft of the Agreement on creating Free Trade Area between Ukraine and Canada was signed at last. Remembering the current modest trade turnover, one should hardly expect any immediate benefits as a result of the Agreement, but in the long-term perspective, 500 billion Canadian market has got a lot of interesting things to offer to Ukrainian manufacturers.

Ukrinform (<https://www.ukrinform.ua/rubric-economics/2050344-zenon-potocnij-prezident-kanadskoukrainskoi-torgovoi-palati.html>) talked about the new trade agreement and the specific aspects of bilateral economic relations with Zenon Potoczny, the President at Canada-Ukraine Chamber of Commerce and one of the most active lobbyists for trade facilitation among the countries

CHOOSING TOP-5 OF THE INDUSTRIES

– First of all, please tell us your evaluation regarding Canada-Ukraine Business Forum held in late June in Toronto?

– Very positive! The Forum was attended by a multitude of participants: more than 150 Ukrainian and 230 Canadian companies. Besides, high profile official delegations from both countries took part. All in all, everything went very well. Bilateral meetings deserve special mentioning. Business people literally were standing in queues to communicate with each other. This is a very good sign, confirming that there may be potential specific business deals.

Businessmen literally were standing in queues to communicate with each other.

– What specific deals are you referring to? What are the achievements of the Forum, in general?

– I can tell about my own organization. We signed the Memorandum on Cooperation with the Ministry of Economic Development of Ukraine, and we are going to work on promoting exports of Ukrainian goods and services to Canada as well as on analyzing the investment projects and engaging investors from Canada.

– As far as I understand, you are referring to CUTIS (Canada-Ukraine Trade and Investment Support project) aimed at promoting Ukrainian exports to Canada, aren't you?

– Exactly. The Government of Canada allocated 13.6 million dollars to implement this project within 5 years. The project partners include Canada-Ukraine Chamber of Commerce, Conference Board of Canada and the Ministry of Economic Development and Trade of Ukraine. With this latter we are supposed to have consultations, provide recommendations and agree on our activities. In fact, Canada-Ukraine Business Forum was held under the auspices of CUTIS.

– So, do your plans include holding similar events in future to promote bilateral relations, especially Ukrainian exports?

– Yes, they do, we have these ideas. Generally speaking, CUTIS primary objective is to analyze Ukrainian economy in order to identify 4-5 areas that constitute the most interest for Canada from imports' perspective. After we identify these fields, we shall choose specific Ukrainian companies ready to export. Also, we shall be able to train them, inform them about the local (Canadian) laws and policies, Canadian tax and other regulations, and, more broadly, to assist them in producing marketing strategies. Finally, we are going to bring the companies' representatives with ready marketing offers to Canada as members of the trade missions. There they will have an opportunity to pitch their projects and services and to tell the potential clients about them.

– When shall we expect the first findings of the CUTIS surveys on perspective areas?

– The work will be started very soon and the first findings will be published in 6 months – 1 year.

HELPING UKRAINIAN EXPORTERS

– What are the prospects the FTA offers for Ukrainian manufacturers? Why does Ukraine need this Agreement?

– At present there are lot of customs duties that constitute the barriers for Ukraine-Canada trade. The FTA will remove 99% of these barriers. This will help both Ukrainian and Canadian companies significantly enhance their volumes of exports. However, the Agreement is not restricted to removing the customs duties; it will withdraw other trade barriers as well.

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– Will the Ukrainian goods be able to compete realistically with Canadian ones, remembering the difference in standards and approaches to production in our countries?

– This is also a constituent part of the CUTIS project: within the frame of it we must help Ukrainian exporters to meet the regulatory requirements of Canada. If they succeed in meeting them, their products will enter the market.

– True, but whereas the FTA comes into force late this year, the change in standards may take years...

– The Agreement comes into force through its ratification by the Parliaments. However, we should start preparatory work right now. We are already in position to clarify the requirements of Canadian private and public sectors for Ukrainian companies. The sooner we start to work with Ukrainian exporters and train them the better. If we want to launch trade immediately after the Agreement's ratification, one should not lose time now.

– Do you have concerns regarding potential harm to Ukrainian domestic producers as a result of opening the markets?

– Certain problems may occur, but if you check some examples globally, then, irrespectively of the countries having FTAs, in most cases they are mutually beneficial. Otherwise, such practices as free trade areas agreements simply would not exist.

TOUGH CANADIAN TARIFF RATE QUOTAS

– Does the FTA Agreement include provisions on changes in the sphere of investments?

– Yes, it does. In fact, the Agreement is quite comprehensive and does not include only goods, but also workforce exchange as well as other aspects of bilateral trade, such as customs' documents. There are chapters on intellectual property and environmental issues. Besides, Ukrainian companies are provided with access to Canadian public procurement.

– The Government of Ukraine perceives IT as one of the most promising industries of Ukrainian economy. How do you evaluate the perspectives of Ukrainian IT industry in Canada?

There are a lot of Canadian companies that use the services of Ukrainian IT sector

– It is obvious that IT is a significant and successful sector in Ukraine and it will be very interesting to Canada. In fact, there are already a lot of Canadian companies using the services provided by Ukrainian IT sector; they place orders for Ukrainians to develop software and suggest other types of outsourcing activities. The Agreement also includes all these issues.

– Maybe it is too early to talk about that, but are there any discussions on amending the present Agreement or about signing a new broader one?

– So far everyone focuses on the valid agreement. However, in due course when we start to operate within its framework, there may be a need in some additions.

– Canada was quite skillful in introducing tariff rate quotas for the most successful Ukrainian exports, such as chicken meat or grain. Will this story with EU tariff rate quotas very quickly exhausted by Ukraine repeat in the case with Canada?

– It is true that tariff rate quotas have been set for some Ukrainian goods; but Canada practices this approach with all the countries. There were a lot of talks and discussions on this issue, but no other way out was identified. Hence, there will be tariff rate quotas for some goods and Ukrainian companies will have to fit into them.

THE WINDOW TO USA AND MEXICO

– What are the concerns the Canadian investors have when investing in Ukraine?

– First of all, it is corruption. However, despite the fact that it is not that easy, the situation is improving, especially in view of current Government's resolute position. The overall situation is much better than it was 20 years ago. One more problem is about judiciary system, but here there are also hopes for positive changes related to the adoption on the new law.

– Are there any Ukrainian investments in Canada?

The sooner the FTA comes into force the earlier a nice window to USA opens

– There are small investments in the construction area, but I have not heard about any large-scale investments. There are also a lot of Ukrainian companies that have some unique inventions, and they try to open an office in Canada to sell these inventions here. Some businessmen even discuss the opportunities to start additional production here to enter the US market. So, the sooner the FTA comes into force the earlier a nice window to USA opens.

– You mean to say that Canada-Ukraine FTA may become a bridge for Ukrainian companies to reach the US and Mexico, don't you?

– Yes, exactly. In due course the process will reach this stage; however, the US has not launched discussions with Ukraine on free trade yet, therefore, it is the FTA with Canada that opens up this window of opportunities for Ukraine. However, taking into account the rules on the country of origin, you will not be able just to transport goods from Canada to the US. If you want to reach huge NAFTA members' markets, Ukrainians will have to produce their goods in Canada or assemble them there.

CANADIAN BUSINESS CONSERVATIVE STAND

– In Ukraine's early years of independence, Canadian investors had some very negative experience in Ukraine. Has the situation changed now?

Ukraine has never been internationally interesting as a country to invest in, so you should inform Canadians about its strengths

– As soon as Ukraine became independent, numerous Canadian companies (most of them owned by the Canadians of Ukrainian descent) attempted to start doing business here. They wanted not only to make some money, but to help the country where their ancestors had been born. Unfortunately, these "pioneers" faced huge disappointment. As a result, the investments from Canada to Ukraine almost ceased to exist. When Kuchma was President, the Canada-Ukraine Chamber of Commerce had to even close down its office, because there was no investment base due to excessive practices of hostile takeovers and fraud. We resumed our work when Yushchenko was elected President. And we felt a new wave of

interest within the recent years. The Forums like the one held in Toronto promote this interest, because Ukraine has never been internationally interesting as a country to invest in, so you should inform Canadians about its strengths. Unfortunately, many businessmen think that occupation of Crimea and the war in the East makes it dangerous to stay at the most of Ukraine's territory.

– What is the image of Ukraine as viewed by Canadian business community currently? Has the country managed to improve it?

– Indeed, the political situation's change in Ukraine influenced its image beneficially. At present the democracy level is much higher than it was earlier. Every TV channel broadcasts journalist investigations. The schemes are revealed: the country's transparency is rising. This helps not only average citizens, but businesses as well: they feel that they are able to expose their problems for the public, and they are not afraid of this.

– Why is the Canada-Ukraine trade turnover so low then; 280 million dollars per year for such countries is a very small sum.

– Canadian businessmen are quite conservative. If you want to draw their attention, the investment climate inside the country must be better. However, in due time, after the FTA Agreement is ratified, the mutual trade and investments will grow.

– Has the Canadian investors' interest in Ukraine grown after FTA Agreement was signed this year?

– Yes, the mutual interest has grown. The number of CUCC members has significantly increased both in Ukraine and Canada.

THE ART "TO SELL"

– What objectives does the CUCC set and how does it reach these objectives?

– Our key role is to promote trade relations among two countries. We provide advice on search of business partners, facilitate dialogue among businessmen, we are looking for interesting Ukrainian projects, which are not currently fit to be presented for an investor. We can help with finishing a presentation, developing a business plan, make calculations and present the project in the best possible way. Our organization also fixes up workshops, business meetings, group visits from Ukraine, etc.

– How often do businessmen approach you to get advice?

Launching FTA is a priority for the Government of Canada. And for the Government of Ukraine as well

– We are receiving a lot of various proposals; most of them are not even ready to be presented, because Ukrainian companies often do not know how to "sell" themselves to an investor. We focus on small and medium sized companies, because it is the sector that is able to improve the well-being of the people. The large rich companies order perfect investment proposals themselves, they have no need in a chamber of commerce.

– Why did the FTA negotiations take such a long time – seven years?

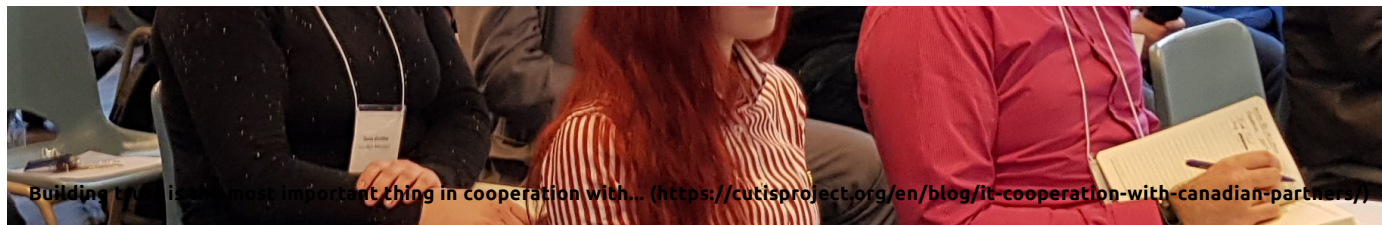
– I assume that taking into account the trade turnover among the countries, FTA was not a priority. On the other side, this Agreement may be viewed as an attempt of Canadian Government to help Ukraine, because within recent two years the negotiations were very intense. In contrast, in Yanukovich times the dialogue was almost stopped. At present, Justin Trudeau said that FTA's launch will be a priority for the Government. We hear the same comments from the Ukrainian side; thus the process is likely to accelerate.

Source: Ukrinform (<https://www.ukrinform.ua/rubric-economics/2050344-zenon-poticnij-prezident-kanadskoukrainskoi-torgovoi-palati.html>) / Maksym Nalyvayko, Ottawa – Kyiv

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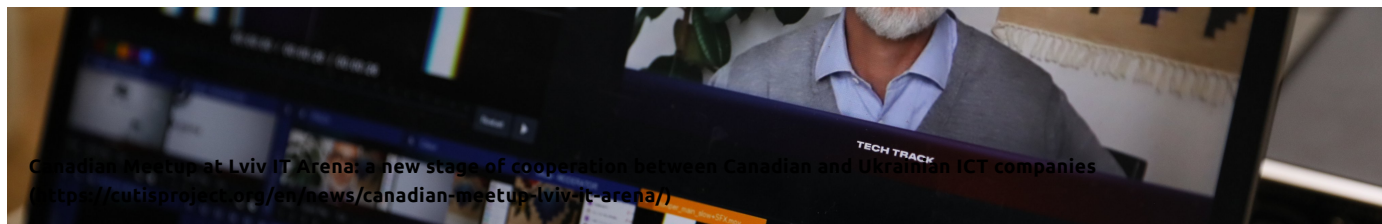
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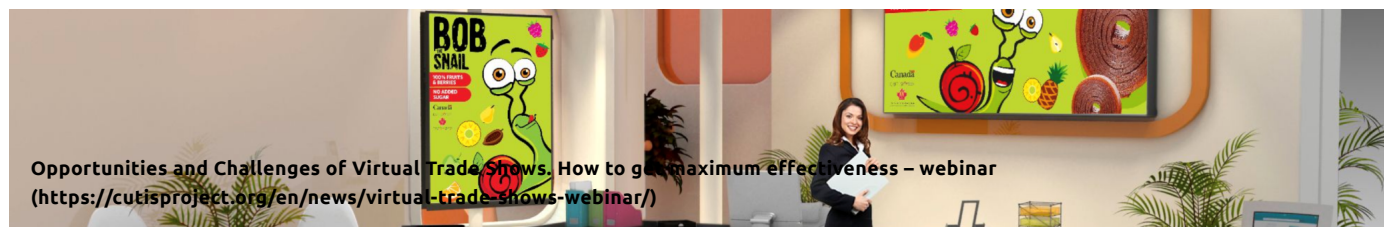
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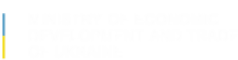
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